



Executive Director's Report

November 25, 2015

Transition Report

This past week LHC delivered transition documents to the Office of Governor Bobby Jindal. The document included background information on the structure of the corporation, budget and fiscal position, partners and stakeholders, and populations served. The report also highlighted accomplishments of the past fiscal year as well as the corporation's disaster recovery efforts.

Staff is preparing an update to the LHC transition report to include policy recommendations and will have completed these updates no later than December 4th. If board members have recommendations or would like to provide any policy recommendations, please contact me. Research and consideration will be given to any housing policy matters enacted by Executive Order of Governor Bobby Jindal as well as matters of consideration for the Governor-Elect's first legislative package to the Legislature.

Internally, staff has made significant efforts over the past two months to assess the performance of our existing programs and our current housing policies. We've engaged the assistance of independent third parties to review the performance of projects in our portfolios. As a result, we have identified several projects in need of technical assistance and/or workout plans.

Staffing

On January 1, 2015, the corporation had 136 FTEs. On November 30, 2015, we will have 112 FTEs. Pending 2 personnel actions, LHC will end the year with 110 FTEs. This represents a 20% reduction in staff through retirement and attrition. Of the 26 individuals who have or will separate from the corporation before the end of the year, 8 employees accepted the retirement incentive and 18 are the result of attrition. In the first round, we offered the retirement incentive to 14 employees and 6 accepted. In the second round, we offered it to 9 employees and 2 accepted.

Budget Update

Despite the budget savings resulting from the reduction in headcount, at the end of period four (October 31, 2015) the corporation was functioning with an operating deficit of \$820,088. This is due primarily to shortfalls in projected revenue YTD. We anticipate that some of the shortfall will be made up by the end of period 6 (December 31, 2015) due to

the cyclical nature of our revenue streams. What appears unlikely is that the corporation will achieve its revenue target of \$16.7 million.

On the expense side, the corporation is projected to spend approximately \$14.7 million in FY 16 (\$1.1 million less than budgeted). Staff are being diligent in monitoring spending and eliminating any unnecessary purchases. While the reduction in personnel expenses is a significant contributor to reducing overall spending projections, the corporation must work aggressively to increase revenue in order to end the year with a balanced budget. It is important to note, that projected revenue shortfalls have contributed to this deficit.

In particular, the interest on investments originally projected to be \$1 million for FY 16, has been projected downward to \$620K due to continued reductions in principal balances. Additionally, revenue projections on the LIHEAP program are down \$400,000 due to an accounting adjustment related to an overestimate in indirect revenue in FY 15.

With the implementation of the new cost allocation plan, staff had to make adjustments to revenues based on a true up of actual indirect costs. That activity has resulted in a reduction in indirect revenue for the Energy program in FY16. At the end of this fiscal year, another true up will take place which could result in higher revenue than is currently projected for the year. The current estimates take into account the reduction in staffing and reductions in federal appropriations for the Energy programs over the past two years. Those two items alone (interest on investments and energy indirect revenue) account for almost all of the current operating deficit. Current projections show that we anticipate that our budget will be brought into balance before the end of the fiscal year, however, it is possible that staff may bring recommendations for budget amendments before the board within the next 90 days.

Single Family

At the end of September, staff had the opportunity to attend and participate in the NCSHA Annual Conference. Of particular interest were sessions related to Single Family programs. During the conference, in addition to attending sessions, we sought out opportunities to speak with professionals that provide services to HFAs nationally in effort to gain insight into what is working in HFAs with high-performing Single Family programs. As a result of some of those discussions, we convened a group of meetings to hear about and vet some ideas from finance professionals. We will continue to vet those ideas over the coming weeks and anticipate having a robust Single Family Committee meeting in January.

Over the past five weeks, LHC has received presentations regarding Single Family program options from the following organizations:

- Government Consultants
- Standard Mortgage
- JP Morgan Chase
- Raymond James

- George K Baum
- Foley & Judell
- Jones Walker
- Caine Mitter
- CSG Advisors
- Stifel Public Finance

While we work to expand our SF program by adding new products, we are also working with our existing finance team to develop a robust marketing strategy that we will roll out next quarter. Standard Mortgage led the charge to do more by offering to convene a series of intimate meetings with key senior leaders of lenders that we currently do business with to solicit their insight on how we may improve our programs to improve production. Standard has also begun outreach to larger lenders that may need CRA credits to gauge their interest in using LHC's products. So far, one national brand has invited a conversation. Raymond James and Government Consultants have also offered to host events with loan originators and bank officials to provide product education. More details will be presented in the January Single Family Committee meeting.

Training and Conferences

Earlier this year, several Board members recommended that LHC make greater efforts to provide training and professional development to staff locally, rather than spending thousands of dollars sending a select few employees to conferences. Over the past 2 months, staff has participated in at least 7 trainings ranging from Novogradac workshops to CDBG Bootcamp. A few of those opportunities are highlighted below.

HUD CDBG Labor and Compliance Training

LHC Compliance, Legal, and Homeowner Rehab staff attended a comprehensive training on federal compliance in disaster affected communities which was sponsored by HUD and the U.S. Dept. of Labor. LHC incurred no costs for this training.

Economic Development Finance Certification

The National Development Council began a series of four, week-long courses in economic development finance certification hosted by the LHC in conjunction with OCD. LHC staff participated in the training, which will be spread out over several months. The Division of Administration is covering the cost of this training.

Section 811 Grantee Training

LHA staff attended Section 811 Grantee training hosted by the Technical Assistance Collaborative. The Section 811 grant covered all costs associated with this training.

Housing Development Finance Certification Course

UPDATE: Recently, staff participated in a certification course from the National Development Council. We now have 19 staff members who are certified in Housing Development Finance.

Weatherization & LIHEAP Update

On October 23, 2015, LHC was allocated 90% of the LIHEAP award for PY 2015-2017, in the amount of \$37,895,325. We have successfully transitioned the WAP services from EBR to QUAD, allowing the citizens of East Baton Rouge Parish to continue to receive Weatherization assistance through the current program year. Streamlining of various energy payment processes is underway and should ultimately result in higher efficiency, improved payment accuracy, and increased staff productivity.

National Disaster Resilience Competition

Louisiana is in competition for part of \$1 billion made available by HUD for storm-related projects designed to make communities more resilient against future shock. Louisiana is one of the 40 finalists in this national competition. There is a meeting scheduled with OCD and we should have an update next week.

Balance of State Continuum of Care HUD announced the NOFA for the 2015 CoC Program Competition and the LHC is participating. LHC is the collaborative applicant responsible for completing and submitting the annual application for CoC funding on behalf of the Balance of State CoC. The application was submitted on Thursday of last week.

Annual Report

The annual report is in the final review stages. The electronic version of the final report will be forwarded to everyone after Thanksgiving, and we will have hard copies available just in time for the holidays.

Federal Government Updates

Budget

This month Congress reached an agreement and passed a budget deal, avoiding a default on the nation's debt obligations. The budget deal does not include any appropriation language and does not make changes to any housing or community development programs. The Transportation, Housing and Urban Development (THUD) funding bill is scheduled to be heard on the Senate floor on Monday, November 30th. Passage of the bill will determine the FY16 appropriations for programs funded through HUD, including the HOME Program. In its current posture, the bill will increase funding for Tenant Based Rental Assistance and Project-Based Rental Assistance and decrease funding for the CDBG program and HOME program.

Homelessness

HUD's 2015 Annual Homeless Assessment Report to Congress found that there has been an overall 11% decrease and 26% drop in the unsheltered homeless population since 2010. The results are based on HUD's point-in-time estimates which seek to measure the scope of homelessness on a single night in January each year.

Calendar

- *2015 Fall NOFA Workshop on September 14th*
- *East Baton Rouge Community Needs Assessment Roundtable Discussion held September 18th*
- *NCSHA Annual Conference held in Nashville, TN on September 26 – 29*
- *LAAHP Annual Conference in New Orleans September 30th*
- *Novagradic Affordable Housing Tax Credit Conference held in New Orleans on October 1 – 2*
- *Bayou Cane Ribbon Cutting and Speaking Event held in Houma, LA – October 5th*
- *Rural Development meeting with USDA held in Alexandria – October 8th*
- *St. John the Baptist Housing Tour – October 14th*
- *Homebuilders Association Meeting & Roundtable to introduce LHC products and services October 28th*
- *2015 CPEX Louisiana Smart Growth Summit held in Baton Rouge November 3rd*
- *Veterans Radio Ad Campaign Ran November 6 - 13*
- *Federal Home Loan Bank of Dallas New Orleans Regional Shareholder Meeting on November 19th*

RFPs and Funding Notices

- *2015 Fall Affordable Housing Initiative NOFA (HOME) **due 11/25/15***
- *Analysis of Impediments to Fair Housing Choice for State of Louisiana **due 12/1/15***
- *Disaster Recovery Program Administration Request for Proposals **due 12/9/15***
- *Request for Proposals for Technology Services **due 12/14/15***
- *Commercial Property Management RFP **due 12/22/15***

- *Compliance Monitoring RFP **due 12/29/15***
- *Project Based Rental Assistance (811 PRA) Owner Solicitation **open until all units are under contract.***
- *Project Based Voucher Program – Permanent Supportive Housing **open until all project based vouchers are allocated.***